

# The Role of Cognitive and Affective Corporate Reputation in Investor Behavior: An Empirical Investigation in Egyptian Stock Exchange Market

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**Abstract-** *The aim of this empirical study is to examine the perceptions of individual investors in the stock market in Egypt of the construct of corporate reputation and to test the linkages between perceived corporate reputation, perceived trust, affective commitment and investor behavioral outcomes. This study extends the view beyond the cognitive corporate reputation and shed light on the role of affective corporate reputation on investor's behavioral outcomes. Five hypotheses were tested on a sample of 220 individual investors in Egyptian stock exchange market out of 384 distributed, giving a response rate of 55 per cent. Partial least squares structural equation modeling tool (PLS-SEM) was used to assess the relationships among variables under investigation. The study results confirm that perceived corporate reputation of an individual investor has an important role in explaining his/her behavioral outcomes. Specifically, the results clearly indicated that the cognitive dimension not only dominates in the corporate reputation construct but also has an impact on behavioral outcomes. Furthermore, the finding confirms that affective corporate reputation is a dimension relevant to the reputations of companies; however, its contribution is relatively low compared to cognitive dimensions of corporate reputation in influencing the behavioral outcomes of investors. The results additionally show the direct and multiple mediated effects that link cognitive and affective corporate reputation to investor trust, affective commitment, and investor behavioral outcomes. In particular, the empirical results of this study provide evidence of the positive and significant effect of reputation on behavioral outcomes through the investor trust. However, the study's findings also provide evidence that the indirect relation between affective corporate reputation and investor behavioral outcomes is not straightforward. As a mediator, only investor trust mediates the impact of affective corporate reputation on investor behavioral outcomes, but it is not a strong effect.*

**Keywords-** *Corporate reputation; cognitive corporate reputation; affective corporate reputation; investor trust, investor commitment; investor behavioral outcome.*

## 1. INTRODUCTION

For many years now, especially over the last decade, there has been growing interest in the research of corporate reputation from a broad scope of academic disciplines such as finance, economics, marketing, organizational behavior, human resources, and strategic management as well as the business community (Ali et al., 2014[8]; Balan, 2015[13]; Feldman et al., 2014[37]; Serbanica and Popescu, 2009[94]; Smaiziene and Jucevicius, 2009[98]. As an essential concept, corporate reputation evolves as information concerning the company's behaviors and achievements and the interactions with its stakeholders that impact how those key stakeholders think and behave towards the company (Chahal and Kumari, 2014;[21] Chen et al., 2016[22]; Ponzi et al., 2011[81]; Smaiziene and Jucevicius, 2009)[98]. Additionally, corporate reputation involves value judgments, either positive or negative, of several organizational attributes or antecedents held by these constituencies (Michelotti and Michelotti, 2010)[76]. Many stakeholders develop their

assessment through third-party sources such as the media and opinion leaders, without having any direct interaction with the company (Chahal and Kumari, 2014[21]; Feldman et al., 2014)[37]. With reference to Smaiziene (2008) and Smaiziene and Jucevicius (2009), the growing interest in corporate reputation is related to the idea that reputation plays the role of a substitute for imperfect information about a company, its product, and practice, and it provides guidance in several decisions. Raithel and Schwaiger (2014) characterized corporate reputation as a "social approval asset." Marketing academics and practitioners perceive the significance of corporate reputation management as the other considerations of operations and finance (Walsh and Beatty, 2007). Most corporate researchers recognized that, practiced by various stakeholders, corporate reputations are valuable assets because they impact consumers' buying decisions, shareholders and investors investment decisions, and job seekers' employment decisions (Agarwal et al., 2015[6]; Dijkmans et al., 2015[29]; Ponzi, et al., 2011[81];

Pratoom, 2010[82]; Raithel and Schwaiger, 2014)[83]. Under these circumstances, the corporate marketing literatures as well as researchers in behavioral finance assert that, among other stakeholders, investors align their behaviors towards companies with perceived corporate reputation (e.g., Aspara and Tikkanen, 2011[11]; Caruana et al., 2006[20]; Golebiewska, 2014[48]; Helm, 2007b[58]; Raithel et al., 2010[84], Schurmann, 2006[92]; Yeo et al., 2011)[113]. Shareholders want to guarantee that they invest their money in a reliable company (Golebiewska, 2014)[48]. In other words, when investors consider that reputation reflects essential information about the company performance, this reputation will influence their investment decisions in terms of holding the company's stocks in the short and long term, investing additional stocks of the same company, and recommending other investors to buy company stocks (Abraham, et al., 2006; Helm, 2007b). Smaiziene (2008) explained the operational value of corporate reputation in terms of attracting new investors, helping to establish relationships with current investors, and presenting less risk to the company when compared to other companies with equivalent financial performance but less well-established reputation. Recent researches of Golebiewska (2014)[48] and Tischer and Hildebrandt (2014)[102] suggested that corporate reputation became a signal to investors and is a key determinant of their investment decisions, potentially influencing their stock choices. However, knowledge of investors' perception of corporate reputation is limited and its impact on their investment decisions is a recent research area. The prevailing corporate reputation literature discussed the link between financial performance of the company and its reputation (e.g., Abraham et al., 2006[2]; Bergh et al., 2010[16]; Brammer et al., 2006[18]; Dijkmans et al., 2015[29]; Dowling, 2006; Egwuonwu, 2011; Geller, 2014; Goldring, 2015; Golebiewska, 2014[48]; Graca and Arnaldo, 2016[50]; Hall and Lee, 2014[53]; Krueger et al., 2010[69]; Lee and Roh, 2012[70]; Little et al., 2010[72]; Tischer and Hildebrandt, 2014)[102]. To a great extent, these studies have concluded that companies with relatively strong reputations are better to maintain remarkable profit and long-term potential of companies' outcomes. Although investors may be interested in profit, social and emotional aspects could influence their investment behaviors to a substantial extent, especially because of the amount of information available to them. This may possibly increase the significance of corporate reputation as a determinant of investor behavior. Therefore, the aim of this empirical study is to examine the perceptions of individual investors in the stock market in Egypt of the construct of corporate reputation and to test the linkages between perceived corporate reputation, perceived trust, affective commitment and investor behavioral outcomes. This study proceeds as follows. In the next section, the relevant literature on corporate reputation and its dimensions and on the relationships among reputational factors, trust, commitment, and

investor behavioral outcomes, is reviewed. Then, based on the literature review, the conceptual framework for the research and the research hypotheses are developed; the research design is presented in the empirical section of the study as well as the empirical findings. Finally, in the conclusion practical recommendations as well as recommendations for further research and the limitations of the research are given.

## 2. THE CONCEPT OF CORPORATE REPUTATION (CR)

Corporate Reputation (CR) is a concept of remarkable interdisciplinary richness, ranging from psychological to managerial and closely linked to the stakeholder theory (Almahy et al., 2014[9]; Trotta and Cavallaro, 2012)[103]. Fombrun's study (1996) was the first study to systematically define corporate reputation; this definition was the most widely utilized in the corporate reputation literature (e.g., Feldman et al., 2014[37]; Geller, 2014[45]; Walker, 2010[105]; Zabkar and kalajdzic, 2013)[114]. Fombrun et al. (2000)[39] defined corporate reputation as "a perceptual representation of a firm's past actions and future prospects that describe the firm's overall appeal to all of its key constituents when compared with other leading rivals" (Fombrun et al., 2000: p. 72)[39]. More recent researches describe corporate reputation as having both a behavioral and an informative component. Perez et al. (2015)[80] defined corporate reputation as the degree of informative transparency with which the firm develops relation with its stakeholders. Swoboda et al. (2016) suggested that corporate reputation acts as an information cue and a company signal that form the stakeholders' attitudes about a company.

Furthermore, Agarwal et al. (2015)[6] and Egwuonwu (2011) proposed that corporate reputation is compiled as a vital resource through three subsequent phases of awareness, assessment, and consolidation. Reputation as a state of awareness refers to perceptions that stakeholders have about a company, where they have a general awareness about the company but do not make a judgment (Cifuentes et al., 2014[25]; Geller, 2014; Haery et al., 2014). Egwuonwu (2011) recognized that this primary awareness of the company's presence in the community dynamically prompts the awareness of its unique culture such as the relationship with its staff, behavior of its key directors, its social responsibility activities, and all such different issues that obviously characterize its culture. Reputation as an assessment demonstrates that stakeholders are involved in some form of appraisal of the status of a company (Geller, 2014). This evaluation relies on direct experiences of stakeholders with the company as well as communication that disseminate information about the company within the community in which it operates (Shahsavari and Faryabi, 2013[95]; Terblanche, 2014)[101]. Finally, reputation as an asset refers to reputation as something



that is of value and significance to the company (Geller, 2014)[45]. Egwuonwu (2011)[34] clarified this perspective as the aggregate of the quality of the awareness and assessment which the stakeholder holds for that company. At the point when a company's reputation is good, it is said that it has a reputational resource as a highly intangible value. In this context, Fombrun et al. (2000)[39] refer to this intangible asset as reputational capital.

While distinctive authors have proposed diverse meanings of corporate reputation, the vast majority of these definitions share some common features as follows:(1) CR is a rare asset among real or potential competitors, hard to imitate and does not depreciate with use, and it does not have equivalent strategic substitutes because it is not something that can be purchased or offered, but rather should be developed and supported (Agarwal et al., 2015[6]; Feldman et al., 2014[37]; Lee and Roh, 2012[70]; Perez, 2015[79]; Ponzi et al., 2011)[81].(2) CR is a complex and multidimensional concept that is built over time and relies on company behavior and activities fulfilled (Feldman et al., 2014; Trotta and Cavallaro, 2012)[103].It depends on perceptions reflecting certain cognitions (knowledge), feelings (evaluations or assessments), and intentions (readiness for action) (Almahy, et al., 2014[9]; Terblanche, 2014[101]; Wepener and Christo, 2015 )[110]. (3) It is dynamic by nature (Terblanche, 2014)[101]. Smaiziene and Jucevicius (2009)[98] showed that dynamism implies rivals competing for the status—and reputation as well—in the marketplace, so because of changes in the marketplace and in a company or the environment, the company's reputation might change. Terblanche (2014)[101] and Feldman et al. (2014) described CR as a summary of a company's perceived standing against its competitors in the market to determine the company's relative position and general appeal helping it measure its performance from an outside perception. Walker (2010) added that this comparison could be made considering longitudinal comparisons with the past reputation(s) of a company, or against an industry average. (4) Another definitional attribute of CR is the aggregate view of all the stakeholder groups (Waker, 2010)[105]. Several researchers explained that, when assessing corporate reputation, distinctive publics often consider different characteristics, and even when considering similar characteristics, they may give distinctive weights to these dimensions (Helm, 2007a[57]; Smaiziene and Jucevicius, 2009[98]; Trotta and Cavallaro, 2012[103]; Tshivase and kleyn, 2016[104];Walsh et al., 2009b; Walsh and Beatty, 2007). (5) Reputation can be positive or negative. For instance, taken together, stakeholders perceive a company as being environmentally responsible; or stakeholders perceive a company as being destructive to the environment (Walker, 2010).

In Summary, as previously noted, corporate reputation is one of the most vital intangible resources for maintaining and enhancing a company's competitiveness in the global

market place. It additionally acts as a point of reference when determining the company's contribution to the stakeholders' and the public welfare. From the conceptualization of corporate reputation, it is measured as a multidimensional construct that provides "specific information" concentrating on one or several aspects that the company is interested in enhancing among its diverse interest groups.

### 3. LITERATURE REVIEW

The literature of this study is summarized in three sections: the first section provides a brief overview of the prominent reputation measurement approaches in light of the fact that it is important to include in the theoretical review some popular models that are closer to this work. The second and third sections investigate the appropriate literature examining the relationships between the concept of corporate reputation and customer -related behaviors.

#### 3.1. Measures of corporate reputation

Various measurements of the corporate reputation construct are developed in the literature analyzing its dimensions. These dimensions are the primary components of corporate reputation and are likewise called measures of corporate reputation. Michelotti and Michelotti (2010)[76] showed that corporate reputation has been measured by accumulating the perceptions of stakeholders concerning the performance of firms. Sanders and Viljoen (2009) identified that the measurements of corporate reputation vary from each other according to their definitions of corporate reputation dimensions and the participants they surveyed. Following are the highlights of some of these measurements.

A widely used measurement of corporate reputation is the US-based Fortune's 'List of Most Admired Companies'. Starting 1983, Hay Group, a recognized private consulting firm, partnering with Fortune magazine developed a reputational measure of Fortune 500 companies and Fortune 1000 companies (at 1995). The participants of the survey were senior executives, external directors, and financial analysts. Respondents were requested to rate the leading firms in their economic sector based on eight attributes ranging from investment value to social responsibility. This approach is still applied to ranking the Fortune's America's Most Admired Corporations (e.g., Geller, 2014; Adzor and Igbawase, 2014; Wang et al. 2016). At the end of the '90s, Fortune magazine ranking developed "The Most Globally Admired Companies (GMAC)." The sampling frame has been widened in terms of countries and industries, and the magazine published the results of Global Most Admired Companies index (Sandu, 2012[88]; Trotta and Cavallaro, 2012). The GMAC measures the eight AMAC categories with the expansion of another item that reflects on the extent of the company's effectiveness in doing business globally (Eberl, 2010).

In 2000, a multidimensional corporate reputation approach was developed by Fombrun et al. (2000) "the

Reputation Quotient (RQ).” The RQ is composed of six dimensions: an emotional appeal, products and services, vision and leadership, social and environmental responsibility, workplace environment, and financial performance. Each dimension is measured utilizing three or four scales, and the aggregate reputation quotient is computed by combining the ratings of all the attributes. As indicated by Fombrun et al. (2000)[39], the scales incorporate various dimensions for preventing the halo effect of financial performance of corporate reputation in the Fortune's model (Ali et al., 2014)[8]. Interestingly, the RQ scale measures the opinion of various stakeholders of CR such as the general public, customers, employees, suppliers, and investors (Trotta and Cavallaro, 2012). However, numerous studies criticized this conceptualization as it placed more importance on perceptions of companies as compared to other nonfinancial dimensions, such as product quality, vision and leadership, and workplace environment (e.g., Rindova et al., 2005[85]; Walsh et al., 2009a)[106].

Schwaiger (2004)[93] introduced a new measurement of corporate reputation by defining corporate reputation as a two-attitude-related construct. The first dimension contains all cognitive assessments of the company (competence), while the second dimension possesses affective judgments (likeability). Schwaiger (2004) proposed that assessing corporate reputation not only evaluates subjective views of certain company's attributes (e.g., “company vision and leadership,” “quality products,” and so on) but also permits a substantial arrangement towards these attributes (in the feeling of “this company is not that successful, but rather I like it in any case” or vice versa). Schwaiger (2004) recognized that the affective component combines with cogitations about a company's capabilities and then stakeholders make decisions about a company that can influence their practice. The validity of Schwaiger's reputation model scale was approved within the scope of an empirical study in 2002 (Schwaiger 2004)[93]. Moreover, the model proved to be reliable and valid in clarifying the two dimensions of corporate reputation within Western cultures and the Eastern countries (Eberl and Schwaiger, 2005; Ponzi et al., 2011; Zhang, 2009).

This approach has been approved in diverse research studies; for instance, Sarstedt and Schloderer (2010)[90] tested the Schwaiger's (2004)[93] model of corporate reputation in non-profit organizations (NPO) from the German general public perspective. Their results supported that the quality construct is the fundamental dimension of NPO reputation, impacting both the affective and cognitive drivers of reputation, followed by attractiveness and corporate social responsibility. In a study of Sarstedt et al. (2008)[91], they demonstrated that only the affective dimension of corporate reputation greatly influences customer satisfaction and loyalty of the mobile communications market.

Furthermore, Schwaiger's reputation model has been validated in various countries (Eberl, 2010; Zhang and

Schwaiger, 2009); for example, Zhang and Schwaiger (2009) [116] had revealed that the two dimensions of Schwaiger's model works in Chinese context with the four factors: quality, performance, responsibility, and attractiveness. Specifically, they found that responsibility and quality have a stronger influence on the affective dimension than on the cognitive dimension of CR, while attractiveness and performance have a more significant influence on cognitive corporate reputation. Eberl (2010)[31] found that the affective dimension of corporate reputation is the most dominant function in the German telecommunications industry.

Wilczynski's et al. (2008)[111] study adds to the extensive variety of reputation research by providing the first comparison of several measurements of corporate reputation, including Fortune's AMAC, the Reputation Quotient (RQ) (Fombrun et al. 2000), Schwaiger's approach (SCH04) (Schwaiger, 2004), Helm's approach (HEL05) (Helm, 2005), and Corporate Character scale (CCH) (Davies et al., 2004). They showed that Schwaiger's model (2004) is more effective than other corporate reputation models such as the AMAC or RQ regarding criterion validity. Additional evidence was provided by a recent study of Sarstedt et al. (2013)[89] of the German mobile phone sector; they found that all measurement approaches of corporate reputation (except the AMAC index) produce comparable levels of convergent validity, while the RQ scale and Schwaiger's approach (2004) are the highest measurement approaches with respect to criterion validity. Moreover, RQ and Schwaiger's approach (2004) preferably clarify the respondents' behavioral outcomes regarding satisfaction, loyalty, trust, word-of-mouth, commitment, and customer citizenship behaviors.

Other streams of literature called for a more detailed discussion of Schwaiger's model (2004) of corporate reputation and advocated for a more adjusted conceptualization of the cognitive and affective dimensions of corporate reputation. For instance, Raithel et al. (2010) [84] showed that the affective component of corporate reputation is as compulsory as the cognitive component. They recommended that a reputation management strategy should concentrate additionally on “non-financial” drivers like perceived corporate social responsibility or a company's attractiveness as an employer for additional differentiation in competitive industries and markets. Eberl and Schwaiger (2005)[32] found that both the cognitive and the affective dimensions of reputation directly affect a company's profits and the affective component has a certain influence on cognitive information processing. Zhang (2009) [115] revealed that the affective dimension of corporate reputation has a more significant influence on customer loyalty than the cognitive construct. Moreover, performance and corporate social responsibility (CSR) were distinguished to be the most two vital drivers in influencing corporate reputation and in enhancing customer loyalty. A recent study of Raithel and Schwaiger (2014) suggested that the non-



financial reputation significantly adds to long-term shareholder value in terms of positive abnormal stock returns.

Shamma and Hassan (2009)[97] explained that cognitive corporate reputation in terms of the financial performance of a company supports the continuity of an organization from a financial perspective while the vision and leadership, emotional appeal, and social and environmental responsibility components represent essential sources of long-term sustainability and competitive advantage. Moreover, Helm et al. (2010) found that the value of money and the quality of the products in addition to the credibility of advertising are claimed to be the most important parts of cognitive reputation, followed by the corporate social responsibility as the second most significant driving effect on the affective component of corporate reputation. In a recent study of Wang et al. (2016)[109], they supported that the affective component of corporate reputation and accounting information are both relevant and they influence the company's market value.

Other types of studies supported the significance of the affective dimension in measuring corporate reputation by utilizing other than Schwaiger's model (2004). Ponzi et al. (2011) proposed a short form of the reputation scale, an emotion-based reputation scale (RepTrak Pulse) including company feeling, admire and respect, company confidence, and overall reputation. They validated this short scale in 17 countries. Chahal and Kumari (2014)[21] measured and validated corporate reputation scale (CR) utilizing 34 items extracted from the other approaches of Fombrun et al. (2000)[39], Walsh and Beatty (2007), and Pratoom (2010) of the banking sector in Indian context from a customer's view. The study suggested two significant dimensions of corporate reputation: the corporate orientation (cognitive aspect) and emotional appeal (affective aspect).

Taking into account the prior discussion, this study has used Schwaiger's model (2004) and proposed that there is a positive relationship between investor perception of the cognitive dimension of corporate reputation and the affective dimension of corporate reputation; thus deriving the following hypothesis that will be tested in this study:

H1: Cognitive corporate reputation is positively related to affective corporate reputation.

### **3.2. Corporate reputation and behavioral outcomes**

Corporate reputation literature discussed the extent to which the reputation influences different stakeholders' behaviors. Empirical findings indicated that corporate reputation positively influences various customer-outcome variables including trust from communities (Terblanche, 2014[101]; Walsh et al., 2009b)[107], commitment (Haery et al., 2014[51]; Keh, and Xie, 2009), satisfaction (Carmell and Tishier, 2005[19]; Helm, 2007b; Helm et al., 2010), customer loyalty (Albassami et al., 2015; Ali et al., 2014; Pratoom, 2010), shareholders'

investments in a company and stock prices (Abraham et al., 2006; Raithel et al., 2010), customers retention and purchase intention (Helm, 2013; Shamma and Hassan, 2009; Zabkar and kalajdzic, 2013), customer-perceived value (Hodovic et al., 2011[64]; Zabkar and kalajdzic, 2013), customer citizenship behavior (Bartikowski and Walsh, 2011; Shahsavari and Faryabi, 2013), and word-of-mouth behavior (Shamma and Hassan, 2009; Shamma, 2010; Walsh and Beatty, 2007; Walsh et al., 2009a) and in addition it increases financial performance in terms of stock return (Abraham et al., 2006; Krueger et al., 2010; Tischer and Hildebrandt, 2014) and market value (Dowling, 2006; Fernandez-Gamez et al., 2016; Little et al., 2010) [72] and reduces investment risks (Brammer et al., 2006[18]; Cole, 2012; Eccles et al., 2007; Gatzert, 2015). The following section summarizes the results of these studies related to the study objectives.

Several studies supported that all corporate reputation dimensions are indicators of customer loyalty (e.g., Abdel salam et al., 2013; Carmell and Tishier, 2005; Eberl, 2010[31]; Helm, 2007b; Helm et al., 2010; Liengjindathaworn et al., 2014; Walsh and Beatty, 2007; Walsh et al., 2009b; Zhang, 2009). Some of these studies presented empirical evidences of the strong effects of the affective and cognitive dimensions of corporate reputation on customer loyalty in various markets. For instance, Liengjindathaworn et al. (2014)[71] found that the customer's perception of emotional appeal of corporate reputation has an effect on brand loyalty; however, other components (quality of product and service, social responsibility, and corporate performance) are not significant of banks in Thailand. Eberl (2010) and Zhang's results (2009) suggested that the two most imperative drivers of corporate reputation, financial performance and corporate social responsibility (CSR), were distinguished in influencing customer loyalty. Furthermore, Zhang (2009) added that the financial performance dimension displays the most significant and essential driving effect on both likeability and competence. In contrast, Walsh and Beatty (2007) and Walsh et al. (2009a) showed that the greater part of the corporate reputation dimensions in terms of product quality, good employer, and customer orientation was strongly correlated with customer satisfaction, loyalty, trust, and word of mouth, while the company financial performance and social responsibility constructs were moderately weaker to consumers in their assessment of corporate reputation towards their service firms. Another stream of researches provided evidence of the indirect relationship between corporate reputation and customer loyalty. For example, Carmell and Tishier (2005) and Helm et al. (2010) showed that just the reputation of a firm can mostly be viewed as a substitute for a consumer's own experience with a firm and firms need to develop a considerable reputation and high satisfaction to achieve consumer loyalty. Helm's study (2007b) revealed a variety of loyalty impacts of corporate reputation on individual investor behavior among German investors.

The distinct effect shows a path from reputation to investor satisfaction. However, the study found no significant impact of reputation on behavioral loyalty implying that reputation could not directly influence the future trading intention behaviors of investors or the period of holding a company's shares.

Recent studies provided empirical evidence for the impact of corporate reputation on stakeholders' behavioral intentions. For instance, Helm's study (2013) confirmed that perceived corporate reputation is an essential part in perceiving customer responses to price changes and behavioral intentions in the airline industry. The better the perceived reputation, the less likely customers are to impute negative intentions to the price increase. Shamma and Hassan (2009)[97] found a significant positive influence of corporate reputation on customer communication of positive word-of-mouth and purchase intentions of the company's products and services. Zabkar and Kalajdzic (2013)[114] provided an explanation of the influence of corporate reputation in the pre-purchase and purchase phases in the service delivery process. Before purchase, customers often do not have enough capabilities to estimate the quality and the benefits of a particular service and regularly depend on reputation, particularly if they are using the service for the first time. Therefore, corporate reputation could serve customers as a tool for decreasing perceived risk and for decreasing the "fear" of undesirable consequences. During the purchase, or in the case where long-term business relationships and networks already exist, good corporate reputation implies that there is a shared trust and that established relationships will be maintained.

With regard to the investment decision context, Aspara and Tikkanen (2011) provided evidence of the positive relationship between company identification and shareholders' readiness to invest in a company's shares. They revealed that a favorable shareholder's identification with a company positively affects his/her intention to invest in the company's share rather than in other companies' shares that have roughly comparative expected financial returns/risks. Caruana et al. (2006) supported the results of the studies that showed that corporate reputation leads to behavioral intentions regarding buying a company's shares. However, they found no significant relationship with the 'intention to sell'. Michelotti and Michelotti (2010) found that in the investment choice the corporate reputation of a company was most strongly shaped by its financial performance, ability to deliver customer value, and corporate social responsibility. However, in Abraham et al.'s study (2006), they showed that just the publication of a reputation quotient (RQ) measure with new information about the invested company has an impact on investors' intention behaviors towards a company's securities.

Thus, in the context of individual investment, it is reasonable to propose that if an individual investor has a better perception of the corporate reputation of the invested company, he/she is more motivated to take an

action such as willing to invest in the company's share, holding the company's share on a long-term basis, and developing word-of-mouth behavior. This relationship is presented in the following suggested hypotheses:

H2: Corporate reputation has a direct and significant influence on individual investors' behavioral outcomes.

The second hypothesis is divided into two sub hypotheses as follows:

H2a: Cognitive corporate reputation has a direct and significant influence on individual investors' behavioral outcomes.

H2b: Affective corporate reputation has a direct and significant influence on individual investors' behavioral outcomes.

### **3.3. Corporate reputation, investor trust and commitment**

A considerable number of corporate reputation management researchers have discussed the value of reputation in relation to trust and commitment. These studies describe trust as a belief, attitude, or expectancy of the exchange partner that results from the partner's expertise and reliability (e.g., Adamson et al., 2003[3]; Geyskens et al., 1996[46]; Morgan and Hunt, 1994), while the affective commitment, the focus of this study, is defined as a "customer's psychological affiliation with the company and long-term ongoing orientation toward a relationship grounded on an emotional bond to the relationship" (Hennig-Thurau and Klee, 1997, p. 752).

Several studies have underlined corporate reputation as a signal of present level of trust and consider customer trust and commitment as the outcome of corporate reputation (e.g., Ali et al., 2014; Hanzaee and Norouzi, 2012[54]; Terblanche, 2014; Walsh and Beatty, 2007; Walsh et al., 2009a). For example, Walsh and Beatty (2007) and Walsh et al., (2009a) proposed that corporate reputation is frequently associated with the reduction of uncertainty and a company with a more credible reputation will likewise be more highly trusted by the customer. The results of Ali et al.'s study (2014) showed that corporate reputation relates highly to customer commitment, customer loyalty, and customer trust. Terblanche (2014) showed in a study of supermarket customers in a developing country that both customer orientation and competitiveness of the company as measurements of corporate reputation are strongly associated with trust, loyalty, repatronage intention, and overall reputation.

Another stream of studies underlines the significance of mediator effects of trust or commitment on understanding the relationship between corporate reputation and customer behavioral outcomes (Bartikowski and Walsh, 2011; Keh and Xie, 2009; Shahsavari and Faryabi, 2013). For example, Keh and Xie (2009)[67] suggested in their empirical study that customer trust, customer identification, and customer commitment are vital mediators influencing the relationship between corporate reputation and customer behavioral intentions. Keh and Xie (2009) explained the relationship between corporate



reputation and trust in three ways. First, as confidence is a vital component in the formation of relational trust, a favorable corporate reputation can positively increase stakeholder's confidence and lessen the perceived risk of a company performance and its product/service quality. Second, in the underlying phases of the relationship when there has been no past exchange between a company and its stakeholders, a high reputation reflects the company's capabilities and /or goodwill. Subsequently, stakeholders may develop their trust in the light of the company's reputation to evaluate the cost and outcome of transacting with that company. Finally, the reputable company is required to act responsibly to support stakeholders' confidence in its integrity and reliability. In the same direction, the findings of Bartikowski and Walsh (2011)[14] and Shahsavari and Faryabi (2013) provided evidence that direct relations between reputation and discretionary customer behaviors are not straightforward. When customers perceive a high corporate reputation towards a service corporate, it is likely that they have a compatible feeling such as commitment, positive intentions to continue doing business with the corporate, and loyalty, and these factors in turn influence the customer citizenship behavior.

This study proposes mediating roles of trust and commitment in the relationships between corporate reputation and behavioral outcomes. The study hypothesizes an indirect relationship between corporate reputation (cognitive and affective dimensions), through the mediating variables of investor trust and commitment, with the investor behavioral outcomes. Thus, the third and fourth hypotheses are as follows:

H3: Investor trust mediates the relationship between corporate reputation and individual investors' behavioral outcomes.

H3a: Investor trust mediates the relationship between cognitive corporate reputation and individual investors' behavioral outcomes.

H3b: Investor trust mediates the relationship between affective corporate reputation and individual investors' behavioral outcomes.

H4: Investor commitment mediates the relationship between corporate reputation and individual investors' behavioral outcomes.

H4a: Investor commitment mediates the relationship between cognitive corporate reputation and individual investors' behavioral outcomes.

H4b: Investor commitment mediates the relationship between affective corporate reputation and individual investors' behavioral outcomes.

On the other hand, the commitment-trust theory of Morgan and Hunt (1994) validates trust as one of the basic constructs of relationship marketing effectiveness, and it has a direct influence on commitment. Several empirical studies in relationship marketing have shown that trust and affective commitment correlate positively (Fullerton, 2011[42]; Garbarino and Johnson, 1999; Moreira and Silva, 2014; Morgan and Hunt, 1994;

Sanchez-Franco, 2009). Fullerton (2011) explained that when customers perceive that companies fulfill the promise and act according to the desire of the customers, which is the root of trust, the customers will feel bound to and identified with the company, creating affective commitment. The findings of Sanchez-Franco (2009) likewise showed that trust affects affective commitment positively in E-banking. Sanchez-Franco (2009) suggested that committed customers could not be effectively influenced by a slightly more attractive alternative and customer commitment would then have a similar meaning to affective loyalty and should, accordingly, be evident in relational intention.

With regard to corporate reputation literature, Haery et al. (2014) and Keh and Xie (2009) supported that customer trust has a significant and positive impact on customer commitment and customer commitment has a significant and positive impact on purchase intention. Therefore, according to the theory of trust and commitment as mediators (Morgan and Hunt, 1994), this study will consider an investor trust as an antecedent of his/her affective commitment and that an investor is unlikely to be committed unless trust is already established. Thus, the following hypothesis will be tested in this study.

H5: There is a positive and significant relationship between investor trust and investor affective commitment.

#### 4. RESEARCH PROBLEM

Despite the increasing interest in the corporate reputation topic in the last decade, there are still various unresolved issues related to the empirical evidence on the role of cognitive and affective corporate reputation in investor behavioral outcomes. The gaps found in the existing literature are as follows. First, most previous research on corporate reputation has used various stakeholder groups (e.g., Ali et al., 2014; Eberl, 2010; Helm, 2007a; Liengjindathaworn et al., 2014[71]; Michelotti and Michelotti, 2010; Raithel et al., 2010; Shamma and Hassan, 2009), specific stakeholder groups, for example, customers (e.g., Awang and Kelantan, 2011 ; Bartikowski and Walsh, 2011; Feldman et al., 2014[37]; Helm et al., 2010; Kazi, 2009; Walsh et al., 2009a, 2009b), managers (e.g., Cifuentes et al., 2014; Golebiewska, 2014; Govender and Abratt, 2016[49]; Pratoom, 2010[82]; Tischer and Hildebrandt, 2014), and general public (e.g., Raithel and Schwaiger, 2014), yet other stakeholders such as individual investors have been much less common (exceptions to this include Aspara and Tikkanen, 2011; Caruana et al., 2006; Golebiewska, 2014; Helm, 2007b; Raithel and Schwaiger, 2014; Schurmann, 2006). Most of these studies recommended that diverse stakeholders could have different perspectives of the antecedents and consequences of corporate reputation. For instance, when assessing the reputation of a company, management is typically more interested in the economic and financial performance (Eberl, 2010; Zhang, 2009), though, customers may be more aware of products and services

value (Helm et al., 2010; Raithel and Schwaiger, 2014; Shamma and Hassan, 2009). With regard to individual investors, some empirical studies found that shareholders are concerned with the financial outcomes as well as with intangible resources for continuous superior benchmarking performance and/or social responsibility (e.g., Caruana et al., 2006[20]; Michelotti and Michelotti, 2010; Raithel and Schwaiger, 2014). A question that arises in this study, however, is how well investors assess a company's reputation and to what extent the cognitive and affective dimensions of corporate reputation constitute the corporate reputation; furthermore, to what extent the corporate reputation affects the investor behavioral outcomes.

Second, a review of existing models of corporate reputation measurement reveals a general number of broadly used models for testing various antecedents and consequences of corporate reputation. For example, generally applied reputational measures include the ranking of 'The Most Admired Companies' published by 'Fortune', from the practical side (e.g., Ang and Wight, 2009; Golebiewska, 2014[48]; Lee and Roh, 2012)[70], 'Reputation Quotient Scale' from the academics side (Abraham et al., 2006; Caruana et al., 2006; Chetthamrongchal, 2010; Kanto et al., 2013; Krueger et al., 2010; Liengjindathaworn et al., 2014; Little et al., 2010; Michelotti and Michelotti, 2010; Pratoom, 2010), and the 'Customer-Based Corporate Reputation Scale' (Bartikowski and Walsh, 2011; Hodovic et al., 2011; Shahsavari and Faryabi, 2013; Terblanche, 2014; Walsh et al., 2009a, 2009b). These models conceptualized corporate reputation as unidimensional, comprising only its cognitive component. Limited studies conceptualized corporate reputation as an attitude construct consisting of its cognitive (knowledge-based) and affective (emotions-based) components (e.g., Eberl, 2010; Raithel et al., 2010; Raithel and Schwaiger, 2014; Sarstedt and Schloderer, 2010; Schwaiger, 2004; Zhang, 2009)[115]. However, the contribution of the affective component with respect to the cognitive component in behavioral outcomes has not been studied yet.

Third, although there are numerous studies providing evidence of the direct positive relationship between corporate reputation and customer trust and/or customer commitment, no empirical study to date investigates the mediating effects of trust and commitment on the relationship between company cognitive and affective corporate reputation and investor behavioral outcomes. In other words, the relation of cognitive and affective dimensions of corporate reputation (through mediating variables) with investor trust and commitment and behavioral outcomes is yet an undeveloped area of research.

Fourth, studies on the measurement of corporate reputation and its effect on behavioral outcomes are mainly conducted in developed countries such as the Western countries (e.g., Golebiewska, 2014; Schurmann, 2006; Walsh et al., 2009a, 2009b; Zabkar and kalajdzic,

2013) Germany (Eberl, 2010; Raithel and Schwaiger, 2014; Sarstedt and Schloderer, 2010; Raithel et al., 2010; Helm et al., 2010; Helm, 2007a) and United States (e.g., Shamma and Hassan, 2009), the Asian countries, Malaysia (e.g., Awang and Kelantan, 2011; Kanto et al., 2013), Thailand (e.g., Chetthamrongchal, 2010[24]; Liengjindathaworn et al., 2014; Pratoom, 2010), India (Chahal and Kumari, 2014)[21], Taiwan (Chen and Chen, 2009), and China (Zhang, 2009; Yeo et al., 2011) and the Middle East, particularly Iran (Haery et al., 2014; Shahsavari and Faryabi, 2013). Additionally, to the best of the author's knowledge, there is only one study (Abd-El Salam et al. (2013)[1] published on corporate reputation within the Egyptian context that tested the behavioral outcomes of corporate reputation of one of the biggest international companies working in the consumer market in Egypt in terms of service quality, customer satisfaction, and customer loyalty. Therefore, this research investigates the role of corporate reputation in investor behavior within the context of Egypt.

## 5. RESEARCH OBJECTIVES

The general objective of this study is to assess the role of cognitive and affective dimensions of the corporation reputation in investors' behavioral outcomes and to measure the significance of every dimension in these relationships. This general research objective is further broken down into the following specific objectives:

- to measure the individual investor's perception of the cognitive and affective dimensions of a corporate reputation of companies listed in the Egyptian stock exchange market and the relationship between cognitive and affective corporate reputation dimensions
- to investigate the direct relationship between cognitive and affective corporate reputation and individual investor behavioral outcomes
- to examine the mediating role of investor trust in the cognitive and affective corporate reputation-investor behavioral outcomes relationships
- to examine the mediating role of investor affective commitment in the cognitive and affective corporate reputation-investor behavioral outcomes relationships
- to test the relationship between investor trust and investor affective commitment

## 6. RESEARCH DESIGN

### 6.1. Conceptual model

The conceptual model of the study is presented in Figure 1. The model is composed of five research hypotheses, including the key study constructs of cognitive corporate reputation, affective corporate reputation, investor trust, investor affective commitment, and investor behavioral outcomes. Cognitive and affective corporate reputation is an independent variable, investor behavioral outcomes are dependent variables, and both investor trust and affective commitment are mediator variables.



In this study, the independent variable of the corporate reputation of an invested company in the Egyptian stock market was conceptualized as an attitudinal construct based on a measurement model developed by Feldman et al. (2014), Eberl and Schwaiger (2005), Michelotti and Michelotti (2010), and Schwaiger (2004). The reputation construct is divided into cognitive and affective components. The cognitive component measures the investors' subjective knowledge and/or perceptions and (at least intended) rational appraisal of the invested company attributes, using items referring to the management excellence of the invested company, its economic and financial performance, and the customer value provided to the company's customers. The affective component of the corporate reputation identifies items to assess the emotions that investors have towards an invested company. The study adopts affective corporate reputation items reflecting the ethics, culture, and

corporate social responsibility of the invested company and the emotional appeal of that company. From the search of the literature, the items of the investor behavioral outcomes comprise intention to buy or reduce the company's shares in the short term and long term, intention to provide positive words of mouth and recommendation, and intention to remain a loyal investor. For the mediating variables of investor trust and commitment, four items were utilized to measure investor trust, reflecting investor perception of the honesty of the invested company in its communication with its shareholders, investor trust in the competence of the invested company, investor trust in the responsiveness of the invested company to shareholders, and its integrity. Affective commitment was measured using five items which included belonging to the invested company, commitment to hold the company's shares, and high appreciation of the company relationship.

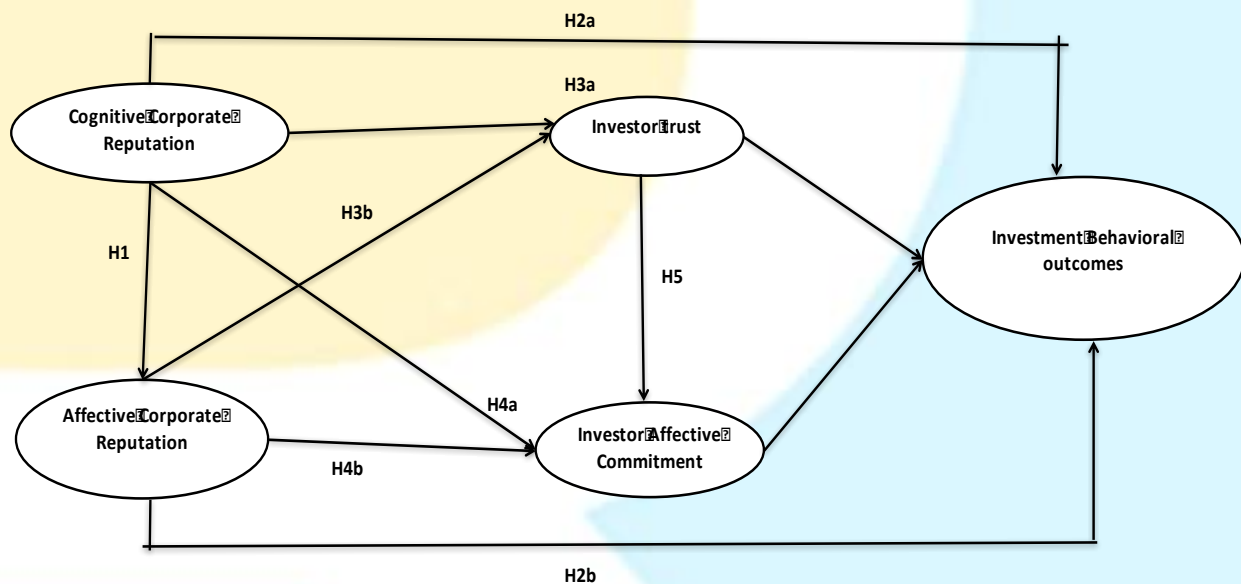


Fig 1: Conceptual model of the study

## 6.2. Population and sampling process

The population for this study consists of the individual investors/shareholders in the Egyptian stock exchange market. There are about 2,300,000 registered investors in the Egyptian stock exchange market, with 10% of them active shareholders in 2015. Furthermore, individual investors are adding up to 41 percent of the market to 59 percent to institutions in 2015 (The Egyptian exchange, 2015; Egyptian Financial Supervisory Authority, 2015). In order to get information about investors' perceptions of the variables under study in the Egyptian stock market, this study seeks such individuals who hold companies' shares for the past six months or longer. Those experienced investors were selected as the study population to guarantee that those individuals would still remember the investment practices as well as the

corporate reputation of the invested company contexts. The study has a sample of 384 individual investors. The sample size was determined according to the statistical tables developed by Krejcie and Morgan (1970) in light of the following criteria: population size of 2,300,000 (Egyptian Financial Supervisory Authority, 2015), a confidence interval of  $\pm 5\%$ , a confidence level of  $\pm 95\%$ , a ratio of population characteristics available in the sample of 50%.

For the purposes of this study, a simple random sample of individual investors was drawn from the clientele of the leading stock brokerage firms in Egypt. The choice of this sample can be explained as follows. First, there are a large number of individual investors scattered across Egypt. It is extremely hard to get the precise number of individual investors and to reach them. Second, many of those

investors rely on various stock agents and/or other similar firms of stockbrokerage to obtain investment advisory services. Third, the researcher can guarantee that the study respondents are individual investors. Participating brokers sent the study's questionnaires to their individual clients via email. The contact details of about 384 individual investors were drawn randomly from the lists of clients of the brokers. Random numbers were acquired using the random spreadsheet method. Simple random sampling helps ensure that the sample represents the entire population and is not biased toward any particular groups within the population (Matthewa and Ross, 2010). The demographic and trading profile of the respondents considered for the study is introduced in Table 1. The age of the individual investors in the Egyptian stock market primarily ranges from 40 to under 50 years (40%) and 50 years and more (37.3%). About 84.5 percent of the surveyed investors were male, and the remaining 15.5

percent of the sample respondents were female. The investors surveyed in the present study were educated, about 58.6 percent had a higher education degree and 29.6 percent had a post-graduate degree. Only 11.8 percent had a lower level of education, the lowest percent. Only 13.6% of the surveyed investors were working in the government/public sector. Of the remaining participants, 25.5 percent held jobs in the private sector and 22.8 percent were self-employed. The respondents' trading behavior varied across the sample. A percent of 29.4 had less than two years of experience in trading, while 70.6% had experience of more than two years. Finally, as shown in Table 1, the majority of investors use the following sources of information in making investment decisions: discussions/exchange views with colleagues (25.8%), following investment decisions of other market players (24.0%), and fundamental facts about the company (23.7%).

Table 1. Summary of respondents' demographic profile (sample size= 220)

	No	%
<i>Age</i>		
Less than 30/under 40 years old	50	22.7
40/under 50 years old	88	40.0
50 years old and more	82	37.3
<i>Gender</i>		
Male	186	84.5
Female	34	15.5
<i>Education</i>		
Diploma and lower degree/higher non-university	26	11.8
University/higher degree	129	58.6
Post-graduate	65	29.6
<i>Occupation</i>		
Government agencies/public Sector	30	13.6
Private sector	56	25.5
Self-employment	50	22.8
Retired	41	18.6
Unemployed	43	19.5
<i>Trading experiences</i>		
Within the past year	34	15.4
1 year or less than 2 years ago	31	14.0
2 to 3 years ago	67	30.3
More than 3 years ago	88	40.3
<i>The source(s) of information used in making investment decisions</i>		
Fundamental facts about the company	136	23.7
Chart analysis/technical indicators	79	13.8



Discussions/exchange views with colleagues	148	25.8
Investment decisions of other market players	138	24.0
Statements of opinion leaders within the industry	73	12.7

### 6.3. Data collection

A questionnaire was used to obtain measures of corporate reputation, investor behavioral outcomes, investor trust, and commitment. The questionnaire was sent to a randomly selected sample of investors through their brokerage firms in Egypt. The study instrument contained multi-item scales and was adapted from the existing literature. The cognitive corporate reputation scale consisted of management excellence, economic and financial performance, and customer value with 22 items, while the affective corporate reputation scale contained ethics, culture, and corporate social responsibility and emotional appeal with 14 items. All the measurements and their items of cognitive and affective corporate reputation were derived from the existing measurement scale developed by Feldman et al. (2014) and Michelotti and Michelotti (2010). All the items of these dimensions were measured on a 5-point Likert scale, where 1 = strongly disagree and 5 = strongly agree. Furthermore, 9 further items measured trust and affective commitment of individual investors and 8 items measured the behavioral outcomes of investors, using a five-point scale ranging from very likely (= 5) to not likely at all (= 1). The scale items relating to investor trust were derived from Keh and Xie (2009) and Walsh and Beatty (2007), the scale items relating to investor commitment were adapted from Bartikowski and Walsh (2011) and Keh and Xie (2009), and, finally, the scale items of behavioral outcomes were derived from Caruana et al. (2006) and Helm (2007b). Additional descriptive questions related to demographic variables of respondents such as gender, age, education level, and occupation were measured.

To assess the content and face validity, the questionnaire was sent to two academic and three practice experts to review it and to indicate their modifications and adjustments. After doing the proposed corrections, the questionnaire was submitted to 10 individual investors to measure their opinions regarding similar questions and/or ambiguous questions. Then the final questionnaire was prepared.

A total of 239 questionnaires were collected. Nineteen questionnaires were observed to be unusable because of the significant number of incomplete questions (12 questionnaires) or not following the guidelines for recording answers (7 questionnaires). This resulted in 220 valid questionnaires with a 55 percent response rate. To assess the questionnaire internal consistency reliability, the Cronbach's alpha coefficient was measured for each of the variables. The value of the alpha coefficient for all survey questions was more than the minimum accepted value of 0.70 (Table 2). The Cronbach's alpha shows that the questions adopted to measure the research items are valid and reliable.

### 6.4 Data analysis

The research model in Figure 1 was analyzed by the partial least squares structural equation modeling tool (PLS-SEM); the software package used was PLS-Graph (Smart PLS.2.0 M3). PLS is similar to covariance-based structural equation modeling (CBSEM) in combining the multiple dependent constructs in a model and expressly identifying the measurement error (Hair et al., 2011). However, in contrast to covariance-based structural equation model, PLS measures the latent variables as weighted sums of their respective indicators and anticipate the latent variable values using multiple regressions (Wong, 2013). Smart PLS.2.0 M3 is chosen to analyze the structural model in this study for the following reasons. First, Smart PLS is appropriate for studies that adopt small-to-medium sample sizes, providing a bootstrapping function for the test statistics (e.g., t-values) (Wong, 2013). Second, PLS allows for incorporating both formative and reflective constructs together (Afthanorhan, 2014). Third, Smart PLS allows for estimating both measurement model and structural model simultaneously (Wong, 2013). Finally, PLS is appropriate for analyzing a highly complex predictive model that contains multiple-item constructs and both direct and indirect paths (Hair et al., 2011).

## 7. RESEARCH FINDINGS AND TESTING HYPOTHESES

Partial least squares structural equation modeling (PLS-SEM) tested the conceptual model of the study in two stages. In the first stage, the measurement model was evaluated through an assessment of the validity of the formative and reflective construct measures of the model. The purpose of these tests is just to ensure that reliable and valid construct measures were utilized for estimating the nature of relationships in the overall model (Hair et al., 2011). In the second stage of PLS-SEM, the structural model was tested by estimating and analyzing the path coefficients between the constructs and the predictive relevance of the exogenous latent variables (Henseler et al., 2009). Within the context of this study, investors' perceptions of cognitive and affective corporate reputation of the invested companies were to be measured using formative indicators. This means that the indicators of cognitive and affective corporate reputation lead to the corporate reputation construct as input. Consequently, it can be inferred that, in light of the value of its products, a firm has a good reputation, and because of the firm's management excellence, it has a good reputation, etc. On the other hand, investors' trust, commitment, and behavioral outcomes were measured in the PLS-SEM as reflective constructs. For example, the behavioral outcomes of an investor will generally result in a variety

of attitudinal and behavioral consequences such as intending to buy more company's shares in the short term, referring the shares of the invested company to others, buying more shares of the same company, holding the company's shares on a long-term basis, and considering the invested company the first choice to invest in.

### **7.1. Estimation and results of the measurement model of PLS-SEM**

The results of the measurement model estimation are presented in Table 2. Diverse criteria are suggested in PLS approach for assessing formative and reflective constructs. First, the formative constructs of cognitive and affective corporate reputation are examined to see which indicators are most vital in determining investors' view of reputation. The weights and t-values of the indicators through the bootstrapping procedure provide information regarding what the make-up and relative significance are for each indicator in the formation of the component (Hair et al., 2011). In Table 2, the resulting values are listed with weights that are not significantly marked in gray. The analysis showed that six indicators have a weight below 0.1. In the cognitive corporate reputation construct, "the company's CEO or its key public figure is high profile and well known to investors" (MGT5), "the company has powerful presence in the marketplace" (MGT6), "the company tends to outperform competitors" (PER4), "the company looks like with strong prospects for future growth" (PER5), "The company's shares are frequently recommended by industry analysts or other experts" (PER7), and "the company offers unique products and services (CUS3)" were not amongst the adequately weighted indicators. Although these attributes are certainly of prominent interest to shareholders, the respondents might not have interpreted it as imperative in determining a firm's cognitive reputation. Other formative indicators of cognitive and affective corporate reputation used as a part of the assessed model were significant with  $P < 0.05$  and  $P < 0.01$ .

However, it has to be noted though that the literature is inconsistent concerning the elimination of formative indicators that have a weight below 0.1. For example, Becker et al. (2013) call for removing the formative indicators with lower weights to develop a reliable model. Other researchers recommended that deletion of these indicators excludes a part of the construct and will decrease the power of the measurement model (e.g., Bollen and Lennox, 1991). Following Wong (2013), as well as Hair et al. (2011), in this study, not only the significance of the indicator weights is considered, but also the absolute importance of these six indicators for their construct is assessed (i.e., the loading). According to Hair et al. (2011), an indicator may have a low weight on the construct, but it has a high absolute loading on that construct. Accordingly, in this study, concerning the issues with MGT5, MGT6, PER4, PER5, PER7, and CUS3, which show low weights and non-significant

values, but high loadings of more than 0.7, no further improvements have to be performed maintaining these indicators on their respective constructs.

For individual investors, when comparing the weights of cognitive corporate reputation in Table 2, the results show that individual investors seem to be willing to invest their financial assets in companies that are big in terms of market capitalizations (MGT7) ( $\beta = 0.825^{**}$ ,  $t = 9.915$ ), have a strong record of profitability (PER1) ( $\beta = 0.537^{**}$ ,  $t = 5.962$ ), are distinctive in the way they do business compared to their competitors (MGT9) ( $\beta = 0.353^{**}$ ,  $t = 6.186$ ), and their products and services are very reliable (CUS2) ( $\beta = 0.302^{**}$ ,  $t = 5.743$ ). Furthermore, the ethical commitment of the invested company in the development of its activities (CSR1) ( $\beta = 0.392^{**}$ ,  $t = 5.588$ ) and the perception of the individual investors of the invested company as a likeable company (EMO6) ( $\beta = 0.389^{**}$ ,  $t = 4.661$ ) were significant dimensions in forming their perceptions of affective corporate reputation.

Concerning the formative indicators, multicollinearity has to be examined to test the influence of individual indicators on the latent variable (Afthanorhan, 2014). Diamantopoulos and Winklhofer (2001) propose the variance inflation factor indicator (VIF) to assess the degree of multicollinearity. The variance inflation factors (VIFs) are calculated using SPSS. As demonstrated in Table 3, the results of this test suggested no multicollinearity in the indicators of cognitive and affective corporate reputation. In addition, the variance inflation factor (VIF) was found less than the threshold limit of 5; for all formative indicators, the highest variance inflation factor (VIF) had a value of 4.170. So multicollinearity does not represent a significant issue. The reflective constructs of trust, affective commitment, and behavioral outcomes were verified through Smart PLS by assessing the individual item and scale reliability, internal consistency reliability, and convergent and discriminant validity of the construct measures. Table 2 provides an overview of the test statistics. In PLS, individual item reliability was assessed by examining the items loadings of each individual latent construct (Lowry and Gaskin, 2014). The criteria recommended by Hair et al. (2011) are to maintain the items with high loading in their constructs of 0.70 because these high loading items reflect higher shared variance between the construct and its measures than an error variance. In this study, these results in Table 2 indicated that all the items loading of reflective constructs of trust, affective commitment, and behavioral outcomes on their latent constructs ranged from 0.751 to 0.95, and more highly on their respective construct than on any other. The t-statistics for the items loadings on their latent constructs were all significant ( $p < 0.01$ ). These values ranged from a low value of 6.96 to a high value of 21.86. In terms of investors' behavioral outcomes loadings, it was found that intentions to invest in more company shares in the following 12 months (BEV2) ( $\beta = 0.950^{**}$ ,  $t = 16.43$ ) was a high loading item in the construct. Furthermore, the other behavioral outcomes



have high loadings regarding intentions to communicate positive word-of-mouth, intentions to hold company's shares and recommend the company shares to others, and intentions to remain loyal and committed to the invested company. For trust and affective commitment reflective constructs, all measurements were having high loadings in their constructs. The integrity of the invested company is viewed by the investors (TRS4) as the most imperative trust criterion ( $\beta=0.830^{**}$ ,  $t=11.84$ ). The affective commitment to be an investor of the invested company (CMM4) ( $\beta=0.876^{**}$ ,  $t=11.42$ ) and the value of the relationship with the invested company CMM2 ( $\beta=0.856^{**}$ ,  $t=11.84$ ) are viewed as the most essential predictors of affective commitment viewed by the investors.

With regard to the composite reliabilities of trust, affective commitment, and behavioral outcomes, they have ranged from 0.834 to 0.909, which exceeds the recommended threshold value of 0.70 as proposed by Fornell and Larcker (1981) (Table 2). Convergent validity was evaluated by assessment of variance extracted for each factor (AVE) (Fornell and Larcker, 1981). Results showed that the variance extracted for three reflective

scales ranged from 0.624 to 0.766 (Table 2), exceeding the recommended threshold value of 0.50 suggested by Fornell and Larcker (1981). This demonstrates that the scales used for trust, affective commitment, and behavioral outcomes explain more than 50 percent of their corresponding (reflective) indicator variances and that they had convergent validity (Hair et al., 2011).

The evidence of discriminant validity was provided by two tests through Smart PLS 2.0: the first test was based on the comparison of the item loading of each reflective construct with the item cross loading. The second test was built on the comparison of the square root of a construct average variance extracted (AVE) and its correlations with other constructs (Henseler et al., 2015; Mackenzie et al., 2011). The results of PLS showed that no item has higher loadings over another different construct in an association. Additionally, the square root of the AVE of each reflective construct was greater than the shared variance between the construct and other constructs (Table 4). Therefore, both analysis results provide evidence of the endogenous constructs discriminant validity.

Table 2. Measurement model

Dimension/ Construct	Loading	Weight	t-Value Bootstrapping	$\infty$ Cronbach	CR	AVE
Cognitive Corporate Reputation						
MGT1		0.126*	2.213	N/A	N/A	N/A
MGT2		0.256**	2.837	N/A	N/A	N/A
MGT3		0.144*	2.076	N/A	N/A	N/A
MGT4		0.138*	1.981	N/A	N/A	N/A
MGT5		0.064	1.019	N/A	N/A	N/A
MGT6		0.062	0.769	N/A	N/A	N/A
MGT7		0.825**	9.915	N/A	N/A	N/A
MGT8		0.207**	2.988	N/A	N/A	N/A
MGT9		0.353**	6.186	N/A	N/A	N/A
PER1		0.537**	5.962	N/A	N/A	N/A
PER2		0.141*	1.965	N/A	N/A	N/A
PER3		0.190*	2.01	N/A	N/A	N/A
PER4		0.029	0.556	N/A	N/A	N/A
PER5		0.026	0.482	N/A	N/A	N/A
PER6		0.122*	2.132	N/A	N/A	N/A
PER7		0.009	0.173	N/A	N/A	N/A
CUS1		0.265**	4.112	N/A	N/A	N/A
CUS2		0.302**	5.743	N/A	N/A	N/A
CUS3		0.023	0.621	N/A	N/A	N/A
CUS4		0.173*	2.364	N/A	N/A	N/A
CUS5		0.241**	2.91	N/A	N/A	N/A

CUS6		0.130**	4.177	N/A	N/A	N/A
Affective Corporate Reputation						
CSR1		0.392**	5.588	N/A	N/A	N/A
CSR2		0.171**	4.029	N/A	N/A	N/A
CSR3		0.185**	4.345	N/A	N/A	N/A
CSR4		0.109**	2.947	N/A	N/A	N/A
CSR5		0.263**	2.682	N/A	N/A	N/A
CSR6		0.199**	3.739	N/A	N/A	N/A
CSR7		0.216**	3.135	N/A	N/A	N/A
CSR8		0.159**	3.752	N/A	N/A	N/A
EMO1		0.193**	4.016	N/A	N/A	N/A
EMO2		0.189**	3.505	N/A	N/A	N/A
EMO3		0.213**	3.149	N/A	N/A	N/A
EMO4		0.264**	2.508	N/A	N/A	N/A
EMO5		0.112*	2.131	N/A	N/A	N/A
EMO6		0.389**	4.661	N/A	N/A	N/A
Trust						
TRS1	0.820**		18.37	0.807	0.874	0.758
TRS2	0.80**		15.42			
TRS3	0.870**		21.00			
TRS4	0.830**		11.84			
Affective Commitment						
CMM1	0.751**		7.10	0.792	0.834	0.624
CMM2	0.856**		11.84			
CMM3	0.821**		14.41			
CMM4	0.876**		11.42			
CMM5	0.790**		11.94			
Behavioral Outcomes						
BEV1	0.881**		6.96	0.880	0.909	0.766
BEV2	0.950**		16.43			
BEV3	0.821**		16.75			
BEv4	0.820**		21.86			
BEv5	0.865**		14.13			
BEV6	0.811**		17.09			
BEV7	0.842**		16.23			
BEV8	0.860**		19.71			

CR: composite reliability; AVE: average variance extracted; N/A: not applicable.

\*  $P < 0.05$ , \*\*  $P < 0.01$ .

Table 3. Indicators of the dimensions: collinearity testing

Dimension/Indicator	COD	VIF
<i>Cognitive Corporate Reputation</i>		
- a strong vision	MGT1	1.129
- extensive resources	MGT2	2.748



- available resources	MGT3	1.712
- necessary skills	MGT4	1.696
- a high profile of CEO or company's key public figure	MGT5	1.412
- a powerful presence in the marketplace	MGT6	2.122
- high market capitalizations	MGT7	3.487
- advantage of market opportunities	MGT8	2.083
- more distinctive than its competitors	MGT9	1.412
- a strong record of profitability	PER1	2.457
- a good use of corporate assets	PER2	2.305
- stock stability and good dividend payout	PER3	2.170
-outperform competitors	PER4	2.650
- strong prospects for future growth	PER5	1.926
- a low-risk investment	PER6	2.163
- recommended shares by industry analysts	PER7	2.470
- a good value for money	CUS1	2.286
- reliable products and services	CUS2	2.549
- unique products and services	CUS3	1.926
- reinventing the business in the last three years	CUS4	3.251
-introducing new products/services	CUS5	2.316
-an innovator, rather than an imitator	CUS6	2.937
<i>Affective Corporate Reputation</i>		
- an ethical commitment	CSR1	2.752
- shared cultural values and beliefs	CSR2	1.642
- social, economic, and environmental improvement	CSR3	1.653
- safety	CSR4	2.163
- new jobs	CSR5	2.581
- a clean environment	CSR6	1.439
- information transparency	CSR7	2.435
- annual report	CSR8	2.283
- respect, admiration esteem, and confidence	EMO1	1.221
- respected by other companies	EMO2	2.114
- impressive to investors	EMO3	3.962
- a good feeling about the company	EMO4	3.963
- good physical appearance	EMO5	4.170
- likeable company.	EMO6	2.966

Table 4. Measurement model: discriminant validity

	Trust	Affective Commitment	Behavioral Outcomes
Trust	<b>0.870</b>		
Affective Commitment	0.751	<b>0.789</b>	
Behavioral Outcomes	0.851	0.765	<b>0.875</b>

\*Principal Diagonal: Average variance extracted; below the diagonal: squared correlations between constructs

## 7.2. Assessment and results of the structural model of PLS-SEM

To test the structural model of the study, path coefficients and t-tests and the coefficient of determination ( $R^2$ ) were assessed. In addition, the predictive relevance of the PLS

model was examined using the Stone-Geisser sample re-use technique ( $Q^2$ ) (Hair et al., 2011). Table 5 and Figure 2 show the hypothesized path coefficients along with their bootstrap values: 't' values.

Table 5. PLS path estimated path coefficients with t-value

Path	Path Coefficient	t-value
<i>Direct paths, main variables</i>		
Cognitive CR → Affective CR	0.978**	19.604
Cognitive CR → Behavioral Outcomes	0.421**	3.120
Affective CR → Behavioral Outcomes	0.024	0.227
Cognitive CR → Trust	0.953**	6.721
Affective CR → Trust	0.456**	3.321
Trust → Behavioral Outcomes	0.401**	3.13
Cognitive CR → Affective Commitment	0.321*	2.132
Affective CR → Affective Commitment	0.179	0.76
Affective Commitment → Behavioral Outcomes	0.089	1.926
Trust → Affective Commitment	0.672**	4.721

\*  $P < 0.05$ , \*\*  $P < 0.01$ .

An analysis of the direct path coefficients in the structural model showed that the parameter estimates for the relationship between cognitive corporate reputation and affective corporate reputation ( $H_1$ ) are statistically strong and significant and consistent with the proposed direction in the hypothesis ( $\beta=0.978$ ,  $t=19.604$ ). The result, therefore, supports the notion that the affective component of corporate reputation is one driver that companies should preferably use as a target variable when conducting corporate reputation. Moreover, the results clearly indicated that the cognitive dimension not only dominates but also has an impact on behavioral outcomes ( $\beta=0.421$ ,  $t=3.120$ ), supporting  $H_{2a}$ . Affective dimension, on the other hand, has an insignificant direct effect on behavioral outcomes with  $\beta=0.024$  and  $t=0.227$ , indicating that the affective corporate reputation has a low insignificant positive direct influence on the investor behavioral outcomes, rejecting hypothesis  $H_{2b}$ . This finding confirms that affective corporate reputation is a dimension relevant to the reputations of companies; however, its contribution is relatively low compared to cognitive dimensions of corporate reputation in influencing the behavioral outcomes of investors.

For the relationship between corporate reputation and trust, there was a significant and strong ( $\beta=0.953$ ,  $t=6.721$ ) direct path from cognitive reputation to the investor trust. This suggests that an increase in the degree of cognitive reputation increases the individuals' trust in the invested company. Moreover, statistical results indicate that the affective component of corporate

reputation exerts positive and significant influence on investor trust with  $\beta=0.456$  and  $t=3.321$ , but smaller than the relationship between cognitive reputation and investor trust. Furthermore, the path between investor trust and behavioral outcomes was supported in that investor trust has a direct positive influence on behavioral outcomes ( $\beta=0.401$ ,  $t=3.13$ ).

The results of path analysis shown in Table 5 represent that only the cognitive corporate reputation has a significant impact on an investors' commitment ( $\beta=0.321$ ,  $t=2.132$ ). Affective corporate reputation does not have any significant influence on investor affective commitment ( $\beta=0.179$ ,  $t=0.76$ ), and the affective commitment of the investor has an insignificant effect on investor behavioral outcomes ( $\beta=0.089$ ,  $t=1.926$ ). In conclusion, comparing the values of the coefficients, it appears that corporate reputation has a more prominent impact on investors' perception of corporate trustworthiness than on investors' affective commitment. Finally, the study findings show that investor trust has a positive and significant impact on investor affective commitment with  $\beta=0.672$  and  $t=4.721$ . This result is in line with most of the previous researches of the relationship between trust and commitment that have indicated that trust is a key antecedent of commitment. Thus, the fifth hypothesis is supported.

For examining the indirect paths and the mediating effects proposed in the model, the PLS-SEM was used along with the Z- statistic (Sobel test). As indicated in Table 6, there is an indirect and significant effect from the relationship

between cognitive corporate reputation and behavioral outcomes via the mediating construct of investor trust. This indirect effect can be computed (Table 6) as the result of the two effects: the relation between cognitive reputation and trust ( $\beta=0.953$ ) and the relation between trust and behavioral outcomes ( $\beta=0.401$ ) ( $0.953 \times 0.401 = 0.382$ ). The total effect is 0.803, which is calculated as  $0.421 + (0.953 \times 0.401) = 0.803$ . Although the direct effect of cognitive reputation on behavioral outcomes is not extremely strong (0.421), the total effect (both direct and indirect combined) is entirely pronounced (0.803), indicating the relevance of cognitive reputation in explaining the behavioral outcomes. This result proposes that the direct and significant relationship between cognitive reputation and behavioral outcomes is mediated by investor trust. Thus,  $H_{3a}$  receives support, when it comes to the indirect effect of reputation on behavioral outcomes, through trust.

With regard to the mediating influence of investor trust on the relationship between affective corporate reputation and behavioral outcomes, indirect paths with positive and significant effects on affective reputation to investor trust as well as to behavioral outcomes were found ( $\beta=0.182$  with significant  $t$  of 2.832), supporting  $H_{3b}$ . For the indirect effects of cognitive and affective dimensions of corporate reputation and behavioral outcomes through the mediating construct of investor affective commitment, the results indicated that there are very low and insignificant indirect effects among these two constructs via the mediating construct of investor affective commitment (Table 6). These results suggest that the role of affective commitment in the relationship is not highly increased through the mediating effect of affective commitment, rejecting  $H_{4a}$  and  $H_{4b}$ .

Table 6. Significant testing results of the indirect effect

	Indirect Effect	Z-Values	p Values
Cognitive CR → Trust → Behavioral Outcomes	0.382**	4.566	0.000
Affective CR → Trust → Behavioral Outcomes	0.182**	2.832	0.004
Cognitive CR → Affective Commitment → Behavioral Outcomes	0.028	1.104	0.269
Affective CR → Affective Commitment → Behavioral Outcomes	0.015	0.183	0.854

\*  $P < 0.05$ , \*\*  $P < 0.01$

Afterwards, the overall explanatory power of the structural model was analyzed by the value of  $R^2$ . As shown in Table 7 and Figure 2, the  $R^2$  value of the cognitive corporate reputation was 0.957, indicating that 95.7% of the variance in the affective corporate reputation construct is explained by cognitive corporate reputation. These findings provide preliminary indications supporting the research first hypothesis. Additionally, the  $R^2$  values of investor trust and affective commitment were 0.854 and 0.690 respectively, indicating that 85.4% and 69% of the variance of these constructs are clarified by cognitive and affective corporate reputation. According to the  $R$ -squared value of investor behavioral outcomes construct, it can be seen that the two components of corporate reputation, investor trust and affective commitment, have explained more than 91.6% of the information of investor

behavioral outcomes. These values of the  $R^2$  highlight the importance of these constructs as predictors of behavioral outcomes.

Further, the quality and the predictive relevance of the path model can also be assessed by calculating the  $Q$ -square statistic. The blindfolding algorithm of the Smart PLS 2.0 (Hair et al., 2011) was run to obtain the cross-validated redundancy. According to Lowry and Gaskin's rules (2014), when a  $Q$  square of a proposed model is greater than 0.00, the model has predictive relevance. In the case of this study, as indicated in Table 7, the  $Q^2$  for the constructs have values greater than 0.00, confirming the predictive relevance of the two dimensions of corporate reputation on endogenous constructs of trust, affective commitment, and behavioral outcomes.

Table 7. Structural model: testing nomological validity and predictive relevance

Construct	$R^2$	$Q^2$	Communality
Cognitive CR			0.5146
Affective CR	0.957	0.4554	0.4174
Trust	0.854	0.5302	0.4046
Commitment	0.690	0.2968	0.1836
Behavioral Outcomes	0.916	0.5072	0.4607
<b>Average</b>	<b>0.854</b>		<b>0.312</b>

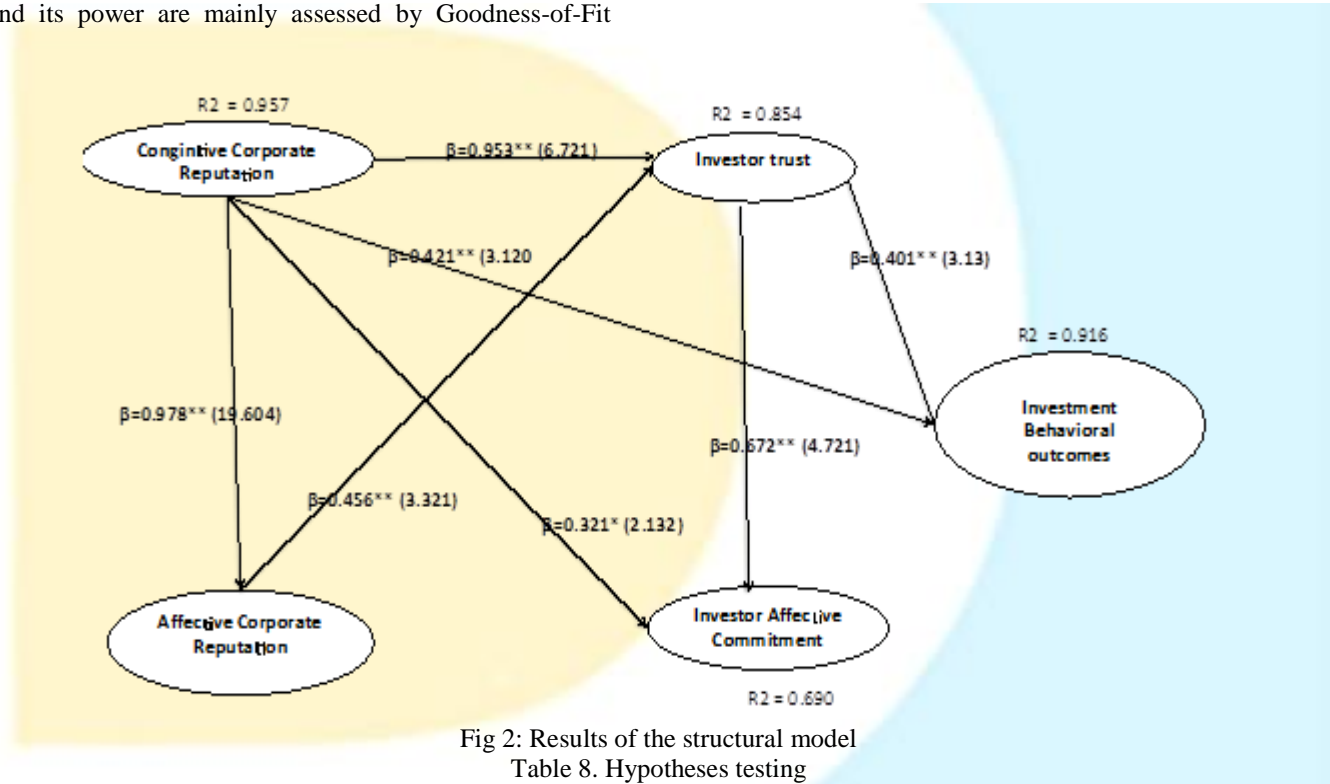
$R^2$ : coefficient of determination;  $Q^2$ : Stone-Geisser test.

$GoF = \sqrt{\text{average } R^2 \times \text{average communality}} = \sqrt{0.0.266} = 0.515$  (Henseler and Sarstedt, 2013)



Finally, in contrast to covariance-based structural equation modeling (CBSEM), the PLS path modeling could not be assessed by any type of fit indices such as TFI (Tucker-Lewis Fit Indices), RMSEA (Root Mean Square Error Approximation), or CFI (Comparative Fit Indices). According to Lowry and Gaskin (2014) and Henseler and Sarstedt (2013), PLS path modeling fitness and its power are mainly assessed by Goodness-of-Fit

(GoF). In this study, as indicated in Table 7, GoF of 0.515 was obtained for the main paths proposed in the model, which exceeds the recommended threshold value between 0 and 1 suggested by Lowry and Gaskin (2014) and Henseler and Sarstedt (2013). This shows that the model has a fundamental explaining power. Table 8 shows a summary of the hypotheses testing.



Hypotheses	Relationship	Support
H <sub>1</sub>	Cognitive CR → Affective CR	Yes
H <sub>2a</sub>	Cognitive CR → Behavioral Outcomes	Yes
H <sub>2b</sub>	Affective CR → Behavioral Outcomes	No
H <sub>3a</sub>	Cognitive CR → Trust → Behavioral Outcomes	Yes
H <sub>3b</sub>	Affective CR → Trust → Behavioral Outcomes	Yes
H <sub>4a</sub>	Cognitive CR → Affective Commitment → Behavioral Outcomes	No
H <sub>4b</sub>	Affective CR → Affective Commitment → Behavioral Outcomes	No
H <sub>5</sub>	Trust → Affective Commitment	Yes

## 8. DISCUSSION AND IMPLICATIONS

The study results provide support for most of the study hypotheses. In particular, the study results confirm that perceived corporate reputation of an individual investor has an important role in explaining his/her behavioral outcomes. Furthermore, the present study adds to a better knowledge of the interplay amongst cognitive and affective corporate reputation, investor's trust, affective commitment, and investor behavioral outcomes. In the

following sections, some theoretical and managerial implications of these results are presented.

### 8.1. Theoretical implications

This study adds to academic research by presenting a formative index of corporate reputation that integrates the most relevant dimensions of the existing literature and analyzing reputation among investors in the Egyptian exchange market, from the perspective of both cognitive and affective components. From a theoretical perspective, the conceptualization of corporate reputation as an overall attitude via cognitive and affective dimensions provides a

theoretically attempted and tested methodology for developing corporate reputation construct from an investor perspective. The empirical results of this study provide evidence that the financial performance of the invested company and its management excellence as well as customer values provided by a company to its customers are the most vital parts of cognitive reputation. Additionally, ethics, culture, and corporate social responsibility and emotional appeal of the invested company as affective corporate reputation dimensions should be taken into consideration in corporate reputation management. In this manner, a company should concentrate its practices on these key drivers of corporate reputation to accomplish positive behaviors of investors. Furthermore, this study emphasized the role of cognitive and affective measurements of corporate reputation in determining investor trust, commitment, and investor behavioral outcomes. Cognitive reputation has the strongest influence on investors' behavioral outcomes. In particular, among the diverse conclusions, it is observed that a favorable cognitive corporate reputation of an invested company represents a quality signal and promise, which improves the probability that individual investors engage in favorable behaviors towards the invested company in terms of holding company shares for short and long term and their willingness to make comments or positive recommendations about it. Hence, it is confirmed how important it is for invested companies to know the determinants of their reputation to get the chance to design effective strategic policies of marketing and organization.

The results additionally show the direct and multiple mediated effects that link cognitive and affective corporate reputation to investor trust, affective commitment, and investor behavioral outcomes. In particular, the empirical results of this study provide evidence of the positive and significant effect of reputation on behavioral outcomes through the investor trust. This implies that fostering investor trust in the invested company is crucial for the positive effects on important behavioral outcomes. Therefore, companies need to develop both a favorable reputation and high investor trust towards the invested company.

On the other hand, there is no direct and significant effect of affective reputation on behavioral outcomes of individual investors, implying that affective reputation is *not* an effective power to directly influence investors' future buying or selling the invested company's shares, the holding period of shares, and/or recommending shares to others. However, this current study's findings also provide evidence that the indirect relation between affective corporate reputation and investor behavioral outcomes is not straightforward. As a mediator, only investor trust mediates the impact of affective corporate reputation on investor behavioral outcomes, but it is not a strong effect.

For the affective commitment, the empirical results indicated one positive and significant relationship

between cognitive reputation and affective commitment. This clearly suggests that commitment is a construct in its own right that has no influence on behavioral outcomes. Both cognitive reputation and investor trust are antecedents of investor affective commitment. The results additionally indicated that the trustworthiness of the invested company has a strong and significant effect on the investor's affective commitment.

## **8.2. Managerial implications**

This research confirmed the importance of corporate reputation as one of the intangible components of a company's assets. The corporate reputation concept and its dimensions provide the invested companies in the stock exchange market with a valuable tool indicating which perspectives should be considered. Further, management may influence the corporate reputation held by investors through managing these components at the highest level of reputation and represent them as essential sources of long-term sustainability and competitive advantage. The financial strength of the invested companies is one important cognitive dimension that is affected by the perceptions that investors have. In this regard, it is better for companies to practice transparency and sincerity, to take care of their profitability and financial strength, and to globally strengthen their prestige and recognition, ensuring at all times their operational arrangements. The way in which investors see the management excellence of companies is another critical value of company cognitive reputation. In order to promote this issue, companies should develop strategic actions that support the strong vision of the company for its future, how the company manages effectively its resources and exploits market opportunities and to what the extent the invested company is distinctive in the way it manages a business compared to its rivals. Products and services are additionally a vital part of cognitive corporate reputation. Individual investors recognize the importance of the value of the products delivered by the invested company in terms of the innovativeness of the product offered, the quality of the company product, and the new products introduced to the market. Therefore, the invested companies should communicate their product differentiation components to their shareholders. Additionally, companies should link those drivers with specific outcomes such as intention to buy the company's shares and identifying the particular areas of each driver that can be improved to increase shareholder values. However, the study results do not investigate which driver(s) of reputation may influence specific investors' behavioral outcomes regarding holding company's shares for short and long term, providing positive word of mouth, and recommendations to others about the invested company. According to individual investors, reputation is furthermore affected to a significant degree by affective items such as ethics, culture, and corporate social responsibility and emotional appeal. In particular, the affective dimensions of reputation might provide

additional differentiation in competitive industries and markets and should be clearly communicated to investors in order to enhance the investors' trust and their affective commitment.

Another managerial implication for the invested companies in the stock market that emerges from this study's findings is outcomes of corporate reputation. The results show that a favorable reputation induces investors' behaviors and positively affects their trust and affective commitment. In this study, it is observed that favorable reputation of the invested companies is positively related to investor behavioral outcomes in terms of investors' loyalty in holding company's shares and their willingness to highly recommend it. Given the impact that in this sense the favorable behavior of investors has on the companies' advantages, it is vital for the invested companies to get to know how their reputations are configured in each moment, in order to incorporate this knowledge in the design of their business strategies and, thus, to enhance their competitiveness by ensuring their long-term survival and achievement. Additionally, in this manner, the invested companies should provide more significant signals about all aspects of reputation. In particular, those companies should communicate with their investors and financial analysts to enhance their attitudes towards the companies' reputation management. Actions oriented to the search of investors' trust and commitment are also key components in the company reputation strategy. Hence, companies must not only develop programs aimed at promoting cognitive and affective dimensions (financial strength, management excellence, customer value, ethical and corporate responsibility, and emotion appeal), where companies can act directly, but also they should also work on their investors' emotions attempting to reach the maximum levels of their trust and commitment.

## 9. RESEARCH LIMITATIONS AND DIRECTION FOR FUTURE RESEARCHES

The present study adds to the corporate reputation and investor behavioral outcomes literature. Nevertheless, the findings must be tempered by several limitations. Furthermore, this study suggests several researchable issues that might be investigated in future studies. First, the study looked at only one shareholder group, individual investors within a company; therefore, generalizations to all shareholders of all companies cannot be suggested. Similarly, due to limitations of sample size, any broader generalizations must necessarily be made with caution. The second limitation is derived from excluding from the analysis the differences between individual investors and institutional investors, which could be assessed by corporate reputation criteria of the invested company with different foundational origins in a different way. The third limitation lies in the use of individual investors from the clientele of the leading stock brokerage companies in

Egypt which could be excluding the public investor who is not dealing with those brokerage companies. The fourth limitation is caused by the fact that this study focused on individual investors who had recently invested in certain companies' shares over the past six months or longer. The study did not measure initial decision-making of first-time investors of the companies' shares and to what extent cognitive and affective corporate reputation affects their initial investment decisions. The final limitation stems from the issue that the corporate reputation dimensions derive from extant literature. A qualitative approach including depth interviews with individual investors or financial analysts in brokerage companies could suggest additional insights that current literature does not uncover. The proposal of future researches is mainly oriented to solving the limitations that have just been clarified previously. In this respect, an analysis of individual and institutional investors' perceptions of corporate reputation is suggested to be examined in a future study investigating to what extent their perceptions affect their investment decisions. Moreover, according to the present study results, corporate reputation has an important role in developing positive investor behavioral outcomes; the dynamics of this influence might be investigated. A longitudinal study could be investigated to understand the importance of reputation in developing the investors' relationship with the invested companies. Additionally, a future study may incorporate both types of investors, first-time investors and experienced investors, and to what extent the dimensions of corporate reputation affect their investment choices. Finally, understanding how overall cognitive and affective corporate reputation dimensions affect business and marketing performance including sales, market share, customer segment profitability, and customer equity is an another issue for future research.

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